

**Caltrans Statewide Small Business Council
June 15, 2007 Meeting Minutes**

**Caltrans, Office of Civil Rights
1823 14th Street
Sacramento, CA 95811
Telephone: (916) 324-0449**

Statewide Council Members Present:

Borroel, Diane – SACHCC
Chaudhary, Arvin – CELSOC
Garcia, Rodrigo – SHPE
Guerrero, Paul – CAL SBE
Hassoun, Sam – GLA
Hou, Jonathan – ABA
Johnson, Bernard – BCA
Keller, Marty – Governor's Office, SB Advocate
Lau, Eddy – AA&E
Llewellyn, Rebecca – WCOE
Patten, Ezekiel – BBA
Wallace, Sam – BT & H Agency
Yang, William – AA&E – SoCal

Caltrans Staff Present:

Kempton, Will – Director
Iwasaki, Randy – Deputy Director
Fonseca, Olivia – Deputy Director, Civil Rights
Breed, Dwayne – Civil Rights
Carroll, Patrice – Local Programs
Carrera, Angel – Civil Rights
Effinger, Robert – Construction Chief
Einhorn, Joanne – District 11 Deputy Director
Failing, Doug – District 7 Director
Garcia, Bacilio – Civil Rights
Harrison, Marcella – Civil Rights
Jackson, Otis – District 7
Mason, Anne – Civil Rights
Padilla, Robert – Civil Rights
Peterson, Jerold – Division Project Management
Pokrajac, Kevin – DPAC
Robertson, Deborah – District 7
Smelser, Jan – DPAC

Guests:

Ramirez, Frank – The American Group
Forrest, Jacquelyn – CA DVBE Alliance for S. Sullivan
Giordano, Theresa – Executive Director, AEA
Padilla, Pat – DBE Consultant, SR 125 Design Build Project
Rose, Chantel – GLA
St. Julien, Tracey – Consultant, Assemblymember Current Price
Gonzalez, Michael – Assistant SB Advocate

Guest Speaker:

Roessler, Michael – Director of Small Business Program Operations, California Community Colleges

Welcome/Introductions/Opening Remarks

Chair Fonseca welcomed all attendees and introductions were made. Chair Fonseca introduced her new secretary, Dolores Gilbert, who will be the main contact in the Civil Rights Executive Office. Marty Keller, Governor's Small Business Advocate, explained his role in regard to issues of clean technology, dealing with disadvantaged areas, coordinating with SB groups, working with SB's to see how they can work with the initiatives to reduce "carbon footprints", doing "whatever is necessary" to ensure that the State is doing all that it can to meet the commitment to support small business, and other duties that come "as the Governor works on issues."

Councilmember Eddy Lau stated the Governor's 25 percent small business (SB) participation and Micro Business Enterprise goals are not enforceable. Mr. Keller indicated that the goals are in the Executive Order and they are policy, not statutory, and that there is a hearing planned that will further address this issue. Councilmember Paul Guerrero requested steps be taken to insure proper payment of prevailing wages for SB. Councilmember Rebecca Llewellyn stated that cities and counties do not know about the 25 percent goal and the SB would welcome anything that could be done to assist in this area. Mr. Keller stated June 28th is the hearing and encouraged the SBC members to raise their issues.

Mr. Keller stated that he has not yet met with the Governor on SB issues. Mr. Keller said he will be forming an "informal advisory group" to help provide input to the Governor. Councilmember Rod Garcia suggested the SBC would be a good source, noting the 25 years of experience of the group. Mr. Keller would like to hear about "roadblocks" so they can be dealt with, and suggested that he have more time on a future SBC agenda to discuss "SWOT" (Strengths, Weaknesses, Opportunities and Threats). Chair Fonseca extended an invitation for that purpose; Mr. Keller committed his presence or that of his assistant, Michael Gonzalez.

Councilmember Sam Hassoun introduced Ms. Chantel Rose from his office. Councilmember Hassoun asked Mr. Keller how his role differed from that of Sam Wallace. Mr. Keller commented that Mr. Wallace has a specific mandate and he sees his own role as helping Mr. Wallace achieve his goals.

Chair Fonseca welcomed to the meeting Ms. Tracey St. Julien from the office of Assemblymember Curren Price. Ms. St. Julien invited Council members to attend the Assembly Select Committee on Procurement legislative hearing, to be held June 28, 2007. Ms. St. Julien stated that the Committee is interested in doing a "careful, studied approach", and invites written comments and material. Written material should be submitted by noon the day of the hearing. Ms. St. Julien stated the members on the Committee are Assembly Members Price, Eng, Swanson, Wolk, Houston, and Portman.

Chair Fonseca welcomed Chief Deputy Director Randy Iwasaki. Mr. Iwasaki discussed some details of the MacArthur Maze Project. The opportunity to bid was offered to eight contractors, of which seven accepted. Contractors first were walked through the project site, then were required to attend a "SB pre-bid". Approximately 400 contact letters were sent out to SB's, over 100 business representatives attended. This resulted in ten SB's being contracted to the main span fix and others on smaller jobs. In addition to the contact letters, for which he thanked Angel Carrera of Civil Rights, District 4 issued an "e-blast" and District staff (Ruby Louie, et al.) made personal telephone calls to potential SB contractors.

Councilmember Garcia encouraged the use of pre-bids and requests feedback at the next meeting on how it is going. Councilmember Hassoun said the effort worked to get face-to-face results, and Councilmember Lau suggested that in such future efforts we consider having responsible decision-makers representing Prime contractors be required to attend.

Councilmember Llewellyn suggested that the Department should consider pre-qualified SB's for each district, with each district to certify SB's and create a list to have on hand. Mr. Iwasaki indicated that Caltrans's web site has an Emergency Disaster Response Registry to identify SB's throughout the State for informal bids. This list gives information to the Primes for potential subcontractors who self-identify their capabilities on the web site. Mr. Iwasaki encouraged SB's to fill out the form on the web site.

Chair Fonseca welcomed Director Kempton. Director Kempton noted that he could not stay long as he is scheduled to give the commencement address for the CA Highway Patrol Academy's graduating class this morning. Director Kempton noted the Disparity Study being done for the Department and one being done by the City of Oakland will likely have similar results. Director Kempton indicated the Caltrans Disparity Study would be completed at the end of June. The City of Oakland Disparity Study appears to have similar results as the Caltrans study. The City of Oakland report found disparities in some areas and the Caltrans report will indicate disparities were found for certain groups. Based on the program requirements, Caltrans legal office has advised the Director in order for Caltrans to implement a race-conscious program we must be able to prove we have maximized, to the extent feasible, all race-neutral measures during the last year. For the past year we have made changes in the program and we are looking at bold new steps. Federal Highway Administration is our partner and they will need to concur with our bold new steps. Pat Padilla commented that May 1, 2007 completes a year of the Race-Neutral Program and asked what the DBE participation is now. Director Kempton referenced prior to May 1, 2006 the overall DBE goal was 10.5 percent race-conscious and now we are just over 5 percent as a race-neutral program. The 5 percent participation is based on certified DBE participation. The report will show that minority and women businesses participate in our contracts but are not certified as DBEs. Councilmember Patten stated Caltrans cannot let the program go away. Councilmember Llewellyn stated when there is no goal there is no incentive to be listed. Director Kempton stated Caltrans attorneys have advised him and he understands any response on how we will operate the program after the study is released may be challenged by anyone. Chair Fonseca commented she would schedule a special Small Business Council session in early July to answer any questions regarding the study findings. Councilmember Lau indicated the Constitution equal protection clause protects minority and women businesses from discrimination. Councilmember Lau referred to the Coral case and stated the federal program over-rides Proposition 209. Director Kempton indicated he was not aware of the Coral case and suggested setting up a meeting with Caltrans attorneys and the Small Business Council to discuss further. Ms. St. Julien indicated that the Assembly has attorneys and they may be a resource as well. Ms. Padilla indicated to Director Kempton that Caltrans should concentrate on the DBE participation level obtained during the race-neutral period and reported in the study. She understood Caltrans had achieved less than one percent DBE participation. Chief Deputy Director Iwasaki indicated our achievement is now about 5 percent DBE participation under a race-neutral program.

Sam Wallace stated Caltrans is on track, as seen in the MacArthur Maze Project, which brought together SBs. He noted that he was receiving contacts from prime contractors "struggling to figure out how to meet commitments." Director Kempton stated that he and Mr. Iwasaki would be meeting next week with Oakland Mayor Ron Dellums regarding the Oakland "Touchdown" contract. Director Kempton noted that we could not place a race-based goal on the Oakland Touchdown contract because it is a State-funded contract.

Councilmember Patten announced that at the 33rd Annual Black Business Association (BBA) Award Dinner on Thursday, May 24, 2007 in Los Angeles, the BBA had given a Government Agency Award to Caltrans District 7. Councilmember Patton presented the award to District 7 Director Doug Failing.

ITEM #1: Approval of Statewide SBC May 18, 2007, Meeting Minutes

Motion: Councilmember Patten

Second: Councilmember Lau

Approved by consensus.

ITEM #2: Statewide Committee Reports

Professional Services: Councilmember Lau reported that “Inroads” agreed to provide software program services free of charge to SB’s. The stipulation is that while the software will be free, businesses must sign a system maintenance agreement worth approximately \$1,200 per year. They will also provide web-based training at the University or Community college level to benefit SBs. Chair Fonseca noted that thanks are due to Councilmember Jonathan Hou for his efforts to obtain this free service; Councilmember Hou directed thanks also to Jerold Peterson from Caltrans for his efforts on this as well.

Insurance issues were discussed. Members would like relief from having the subcontractors carry the same amount of insurance as the prime; and, there is a need to know the hazardous waste requirements up front, as they are subject to negotiation, but cannot be done until after a contractor is selected.

On Local Assistance, Districts don’t know the level of DBE/SB participation until contracts are closed out. The committee would like to see reports going to Districts earlier.

Commodities Committee: Councilmember Patten handed out a copy of the Action Item list. The Committee has not met in the past two months, but plans to do so.

Construction Committee: Councilmember Llewellyn acknowledged Caltrans’ recent work on updating the web site to make it easier for SB’s to find Minor B Contract Information, as requested by the Committee.

Councilmember Guerrero asked about the environmental study in Stockton (for removal of the Main Street bridge). It is causing a problem with SB’s. Mr. Iwasaki stated he would look into the project.

Legislative Committee: Chair Fonseca reported AB 1695 (Bass), the \$40 million Surety Bond Guarantee Program proposal, is held up in the Assembly Appropriations Committee. Support is needed to get it out of Committee, and efforts are being made to place it in a Budget Trailer Bill. Councilmember Guerrero reported bills to watch: SB 48 (Perata) and AB 8 (Nunez), each concerning health care coverage for employers and employees.

Executive Committee: No meeting to report.

ITEM #3: District, SR 125 and Disparity Study Updates

District 4: On behalf of Bijan Sartipi, District 4 Director, Chair Fonseca announced C.C. Meyers had 75 percent SB participation in the MacArthur Maze project, with 25 percent of those DBE-certified. Reportedly 38 percent of the subcontractors, excluding those for services and commodities, are from the Oakland area.

District 7: Deborah Robertson introduced Mr. Otis Jackson as the new Governmental Affairs manager. D7 had a Vendor Fair on May 15th and partnered with D12. Over 100 vendors participated; the value of business done at the event is still being calculated. The next District SB council meeting is July 13.

Deborah Robertson thanked Councilmember Patten for the recognition given to D7 in the award from the BBA. The inscription on the award is, “Corporate Outsourcing: A Parity Paradox”. D7 spent over 82 percent of its dollars on SB. The Los Angeles outreach with Sam Wallace is tentatively set for the last part of July.

District 11: Joanne Einhorn announced their Procurement Fair resulted in over \$700,000 worth of purchases. The D11 Cal Mentor Program, in cooperation with SANDAG, kicked off last month with 14 mentors and 37 protégés participating.

SR 125: Pat Padilla, representing the SR125 South Design Build Projects (Gap/Connector and Toll Road) developer, South Bay Expressway, reported that for the Toll Road there are 31 DBE's of the 37 contracts awarded; for the Connector, DBE's have 32 of 37 contracts. For the Gap Connector, the goal is 15 percent; currently at 14 percent, with \$10.7 million paid to-date of the overall \$14 million committed.

In response to a question from Councilmember Yang about whether there was information on how soon contractors are paid, Ms. Padilla responded that there was none, but that they have received only one (1) complaint. For the Design-Build, notices are routinely sent out at the end to solicit information on whether contractors feel they have been paid promptly.

Disparity Study Update: Robert Padilla, Disparity Study Project Manager, reported that the consultant is currently preparing the final draft of the Disparity Study. There will be steps in communicating the study results. Dale Bonner, Secretary of the Business, Housing, and Transportation Agency, is interested as well. There will also be teleconference discussions with Caltrans Districts. The final report is due on June 30, 2007. Since June 30th is a Saturday, the Disparity Study will be given to the Agency Secretary the following Monday. Caltrans will get the report out as soon as possible. The report will be posted on the Civil Rights web site when it is available.

ITEM #4: "Small Business Development Centers"- California Community College Chancellor's Office

Michael Roessler, Director of Small Business Program Operations, spoke of Caltrans and the Small Business Development Partnership. This is a three-year pilot program at 11 Small Business Development Centers throughout the State. This program helps the DBE identify contracts on which they can bid and the process involved for conducting business management and accounting functions. Construction and transportation experts help a SB understand all the rules and regulations to help them learn what is required to win the contract. The program is called, "California Construction Contracting Program". A web site for the program is being developed. A mailing list for direct mailings to potential clients is being developed, and Mr. Roessler requested referrals for that list.

Councilmember Borroel asked if it was possible for the program to come out to other centers due to the difficulties of some clients getting to some sites. Mr. Roessler said yes; it will be up to the individual centers to work with their communities to meet needs. The targeted audience is the non-certified DBE to be transitioned to certification, with training modeled to find what is needed and develop training according to SB needs. Deborah Robertson announced there is a SB Center Workforce Development Program in Los Angeles which tracks getting through the certification process and CMAS process. The District also developed a "planning room" with attorneys as part of the Vendor Fair and is close to where the Community College is located.

Councilmember Guerrero asked if they are taught how to structure businesses, bonding, and scheduling their time base work. Councilmember Hassoun said that Robert Effinger and Caltrans have training for that purpose and that curriculum is already developed. Chair Fonseca reiterated that it is a Pilot Program to educate the SB's on transportation-related contracting. Chair Fonseca stated the need for the SBC to create a subcommittee on "Supportive Services" to assist the development of this program and called for volunteers. Volunteers were Councilmembers Guerrero, Hassoun, Johnson, Hou, Yang and Garcia. Councilmember Garcia was elected as the Chair. Chair Fonseca stated the first meeting will be next month, and requested a commitment from Mr. Roessler or his representative to attend; the commitment was made to have Ms. Marcella Harrison, Contract

Manager from Civil Rights, attend. Ms. Harrison announced the current GCAP Supportive Services contract expires this month. The Small Business Development Centers are already established, are flexible and have mobility to go out to meet with SB's.

UPDATE: Sam Wallace, Small Enterprise Officer

Sam Wallace announced six Outreach Events: Riverside and San Bernardino Counties (June 21); San Diego (July 20); Los Angeles (July 26); and dates TBA for Fresno-Bakersfield, San Jose-Santa Clara, and Orange County. Mr. Wallace suggested a teleconference might be needed to work with Primes to establish dates that would be convenient. He is looking for co-sponsors for events. Mr. Wallace stated the Secretary of BT&H Agency is going to have an office in the LA Caltrans building to use when down in the Los Angeles area.

Mr. Wallace reported that he intends to reconvene the "Partnership Council", possibly in July. The intent is to include local agencies as well.

ITEM #5: Public Comment/Good of the Order

Chair Fonseca commented on her trip to Charlotte, North Carolina, June 4-8, for the 2007 National Transportation Summit. Chair Fonseca stated that she introduced a resolution to increase the \$750,000 Personal Net Worth (PNW) requirement to a flexible approach by using the Consumer Price Index (CPI). The Southern DOT states stated the \$750,000 for them is too high; California DOT stated it is too low. As Chair of the WASHTO Subcommittee on Civil Rights, a formal letter requesting the higher PNW will be sent to FHWA. A success from the North Carolina trip was obtaining concurrence from FHWA to streamline the certification process for firms that are already SBA 8(a) certified.

The District 6 and Statewide Small Business Council for the San Joaquin Valley meetings will be in Stockton on July 20, 2007. District 6 Director Malcolm Dougherty and Fresno staff will be conducting the meeting.

The subcommittee meetings on Thursday, July 19, 2007 will be held at Councilmember Guerrero's home, starting around 4:00 P.M.

Next Meeting:

July 20, 2007, Friday, 8:30 a.m. to 11:30 a.m.
Stockton Grand Hotel
2323 Grand Canal Boulevard
Stockton, CA 95207

Approved by:



OLIVIA FONSECA
Deputy Director, Civil Rights
California Department of Transportation